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May 25, 2005

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To: Supervisor Gloria Molina, Chair
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From: David Sanders, Ph.D.
Director

**RESPONSE TO JANUARY 25, 2005 BOARD ORDER RE: COST ANALYSIS FOR
WRAPAROUND SERVICE DELIVERY AND RECOMMENDATIONS FOR
ALTERNATIVE PAYMENT STRUCTURES FOR FEDERALLY ELIGIBLE CHILDREN**

This is in response to your Board's January 25, 2005 motion regarding the Wraparound program. The motion instructed the Department of Children and Family Services (DCFS) and the Chief Administrative Office (CAO) in conjunction with the Auditor-Controller (A-C) to report back in 90 days with recommendations for alternative payment structures and service delivery options for federally eligible children.

The motion also instructed DCFS, the A-C, the CAO, the Department of Mental Health (DMH) and/or Probation to do the following:

- Determine the average cost for agencies to provide Wraparound services based on actual data;
- Review the target population for Wraparound services;
- Continue to work on maximization of mental health and other revenue sources to fund Wraparound services;
- Evaluate alternative payment structures for federally eligible children including a cost analysis;
- Develop a monitoring checklist with A-C overseeing DCFS monitoring of the Wraparound contracts and conduct regular program and fiscal audits of Wraparound agencies.

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The attached report provides the requested analysis and recommendations for modifying the target population and revising the financing model for the Wraparound program, effective with the new contract that will be implemented this summer.

The Department of Children and Family Services would like to thank the staff from Probation and Mental Health Departments, the Auditor-Controller's and the Chief Administrative Offices as well as staff from within the Department that participated in the development and review of this report.

For any questions, please feel free to contact me at (213) 351-5600, or your staff may contact Helen Berberian, DCFS Board Liaison at (213) 351-5530.

DS:JS:mhm

Attachments (5)

c: Chief Administrative Officer
County Counsel
Board Executive Officer

**COST ANALYSIS FOR WRAPAROUND SERVICE DELIVERY AND
RECOMMENDATIONS FOR ALTERNATIVE PAYMENT STRUCTURES
FOR FEDERALLY ELIGIBLE CHILDREN**

Since January, the Department of Children and Family Services (DCFS) has worked with the Department of Mental Health (DMH), Probation Department, the Auditor-Controller's (A-C) Office and the Chief Administrative Officer (CAO) as requested. This document is intended to provide your Board with the progress to date and recommendations.

AVERAGE COST TO PROVIDE WRAPAROUND SERVICES

In March 2005, the Wraparound agencies provided us with the financial, staffing and placement information for FY 2003-04 and the first six months of FY 2004-05 (July through December, 2004). This information was used to calculate the average monthly cost for providing Wraparound services. To validate the accuracy of the information provided by the agencies, A-C staff interviewed management from each Wraparound agency and reviewed the documentation maintained by the agencies to support their financial and placement data. This review disclosed several significant errors in the data provided by the Wraparound agencies. In April, the agencies provided corrected financial and placement data and documentation to support the corrected data.

Attachment 2 provides the average monthly Wraparound case cost for each Wraparound agency. The range in the average monthly cost is significant and can be attributed to several factors including staffing levels. For example, Star View maintains a higher staff-to-child ratio to provide direct program services than Aviva. Aviva has a lower staff-to-child ratio and relies on sub-contractors to supplement its staffing level as needed.

MAXIMIZATION OF MENTAL HEALTH AND OTHER REVENUE SOURCES

In March 2005, DMH and DCFS analyzed each Wraparound agency's use of Early and Periodic Screening, Diagnostic and Treatment (EPSDT) funding and identified several areas where providers can increase utilization of EPSDT funding to support Wraparound program services. Attachment 3 provides details of how agencies can better utilize EPSDT billing to support the Wraparound program. DMH and DCFS plan to work with the Wraparound agencies and provide training to assist the agencies to maximize their EPSDT billable activities. In addition, over the next six months, DCFS and DMH plan to track Wraparound agencies' efforts to maximize the use of EPSDT revenue for providing mental health services.

TARGET POPULATION

State and federal eligibility criteria for Wraparound include a requirement that a child be in, or at-risk of, placement in a Rate Classification Level (RCL) 12-14 group home. Currently, the County's target population for Wraparound includes children:

- With a history of stays at MacLaren Children's Center; or
- Who are currently in, or at risk of, voluntary placement in Metropolitan State Hospital; or
- Who are adjudicated as a dependent or ward of the Juvenile Court and are currently placed in a licensed RCL 12 group home or higher; or
- Who are currently at home, in a foster home or a lower level group home but are at risk of placement in a RCL 12 or higher group home.

DCFS, DMH, Probation and the CAO reviewed the current definition of the target population.

Recommendation:

Revise the target population to children currently placed in:

- a RCL 12-14 facility or at imminent risk of placement in a RCL 12-14 within the next 30 days; or
- Metropolitan State Hospital; or
- a community treatment facility (CTF); or
- Dorothy Kirby Center; or
- an AB 3632 placement that is RCL 12 or higher; or
- a probation camp where there are extensive mental health treatment services; or,
- having a history of multiple (i.e., three or more) psychiatric hospitalizations.

And who have:

- multiple, enduring and complex issues of severe/addictive drug use and/or severe psychiatric issues and/or co-occurring disorder (substance abuse and mental health issues) and/or dual diagnosis (developmental delays and mental health issues); and
- an identified or potential family/caregiver.

ALTERNATIVE FINANCING MODELS

Attachment 4 provides a comparison of Los Angeles, Monterey, San Bernardino and Alameda Counties' payment/financing structures.

Currently, DCFS pays the agencies the full RCL 13 rate of \$5,994 for non-federally eligible children and one half of the RCL 13 rate (\$2,997) for federally eligible children. This is similar to the Monterey and San Bernardino Counties' models as noted on Attachment 4.

The concern identified during our analysis is that this model does not adequately cover the actual cost of the services that some Wraparound agencies incur in providing Wraparound services to federally eligible children (e.g., \$4,156 average cost versus \$2,997 reimbursement rate). There is concern that these agencies may not be able to continue to provide services while developing the needed capacity to increase EPSDT billings to offset this difference. This may result in a reduction in resources available for providing Wraparound services.

Based on our review of the payment structures used in other jurisdictions and our discussions with the State, we recommend using a case rate rather than the current RCL 13 rate of \$5,994 for non-federally eligible children and \$2,997 for federally eligible children.

Using the Case Rate structure, each Wraparound agency will receive a monthly case rate of \$4,156 for both federally and non-federally eligible children. This case rate was based on the A-C's analysis of the cost per case for each Wraparound agency discussed in Attachment 2.

Similar to Alameda County, we plan to place \$1,838 for each non-federally eligible child in a Multi-agency County Pool (MCP). \$1,838 is the difference between the case rate (\$4,156) and the RCL 13 rate (\$5,994) for non-federally eligible. The State share of the MCP cost will be \$735 and the County share will be \$1,103. No funding would be placed in the MCP for federally eligible children. In addition, as part of the new Request for Statement of Qualifications, which is currently targeted for release in July 2005, we will include criteria for the amount of surplus an agency may retain. There are instances in which the Wraparound services provided to a child cost less than the \$4,156 case rate. Agencies will be allowed to retain a portion of the surplus to provide services to children whose service needs cost more than the case rate. However, agencies will be required to return surplus funds in excess of the established criteria to the County for addition to the MCP. DCFS will be working with DMH, Probation, A-C and CAO in developing the specific criteria over the next couple of weeks. Funds in the MCP would be first used to offset the additional County costs for payments for federally eligible children in excess of the current RCL 13 half rate (\$2,997). The remaining funds would be disbursed to the various agencies based on requests that they submit to the MCP Board. Representatives from DCFS, DMH and Probation and a parent advocate would comprise the Board that would meet regularly to review requests from providers for use of the funding in the MCP.

Based on our cost analysis (Attachment 5), using the case rate may result in additional County cost of \$2.7 million for program services. However, as previously noted, we plan to work with the Wraparound agencies to increase their EPSDT billings to reduce the amount of the additional County funds.

Recommendation

Unless otherwise directed by the Board, we plan to move forward with the use of the Case Rate as part of the new Request for Statement of Qualifications. Nine months following commencement of the new Wraparound contracts, we will evaluate the success of this new structure's effectiveness in supporting the provision of Wraparound services.

MONITORING CHECKLIST DEVELOPMENT AND A-C OVERSIGHT OF WRAPAROUND CONTRACT MONITORING

Since January, DCFS and the A-C have worked in collaboration to improve the monitoring of Wraparound contracts. DCFS and A-C managers met to discuss and evaluate the current scope of monitoring reviews, the frequency that the contractors are reviewed, and the number of DCFS staff assigned to monitor. In addition, the A-C evaluated the quality of the monitoring reviews recently completed by DCFS staff.

As a result, the A-C developed a checklist to enhance the fiscal monitoring of Wraparound agencies and provided training to the DCFS monitoring staff. As part of the A-C's oversight role, the A-C will also: (a) provide additional training and technical support; (b) work with DCFS management to further refine the program monitoring checklist currently in use, and (c) assist with development of outcome-based contracting for the Wraparound program.

DS:JS:mhm
5/19/05

Department of Children and Family Services
Wraparound Program
Average Monthly Cost/Agency

Agency	Fiscal Year 2003/2004								Total
	San Fernando Valley	Sycamores	Olive Crest	Starview	Vista	Aviva	Penny Lane	Help Group	
Total Expenses	\$1,418,562	\$2,444,653	\$1,064,608	\$3,604,263	\$1,984,049	\$630,165	\$1,562,407	\$1,813,229	\$14,521,936
Average Monthly Placement	33	57	31	51	43	12	30	34	291
Average Monthly Cost /Child	\$3,582	\$3,549	\$2,862	\$5,860	\$3,890	\$4,237	\$4,340	\$4,444	\$4,156
Staff Allocated	24	38	18	58	9	9	24	25	206
Staff-to-Child Ratio	0.7	0.7	0.6	1.1	0.2	0.8	0.8	0.7	0.7
For the 6 Months Ended December 31, 2004									
Total Expenses	\$844,358	\$1,818,026	\$507,178	\$4,088,384	\$1,216,746	\$295,915	\$998,001	\$1,061,368	\$10,829,982
Average Monthly Placement	39	73	32	103	56	15	30	37	384
Average Monthly Cost /Child	\$3,608	\$4,179	\$2,642	\$6,632	\$3,621	\$3,364	\$5,544	\$4,781	\$4,701
Staff Allocated	25	48	20	116	9	11	29	25	283
Staff-to-Child Ratio	0.6	0.7	0.6	1.1	0.2	0.8	1.0	0.7	0.7

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ATTACHMENT 3

May 9, 2005

TO: Current Wraparound Contract Providers

FROM: Marvin J. Southard, D.S.W.
Director, Department of Mental Health

David Sanders, Ph.D.
Director, Department of Children and Family Services

SUBJECT: **WRAPAROUND CHART REVIEW AND RECOMMENDATIONS ON
MAXIMIZATION OF EPSDT ALLOCATIONS**

On July 1, 2005 the Los Angeles County Department of Children and Family Services (DCFS) Wraparound program stopped receiving Title IV-E funding for Federally eligible children enrolled in Wraparound. The loss of Federal funding resulted in numerous discussions at the County, State and Federal level around accessing alternative funding and maximizing current funding to support the existing Wraparound providers and growth of Wraparound in Los Angeles County.

DCFS, the Department of Mental Health (DMH) and the Katie A. panel reviewed the utilization of Medi-Cal funding (EPSDT) for current Medi-Cal eligible Wraparound children. In a report provided by DMH dated March 7, 2005, there were large variations in the utilization of EPSDT spending across Wraparound agencies.

Based on the initial utilization review, Richard Clarke (Katie A. panel member), requested to meet with all Wraparound contract providers and review a sample of charts for additional information on EPSDT utilization.

On March 29 and 30, Richard Clarke, James Coomes (DMH) and Michael Rauso (DCFS), met with each Wraparound contract provider to review both Wraparound and Mental Health charts with the goal of identifying opportunities to maximize EPSDT billing.

Each agency was instructed to bring five charts for this review. Of the five charts, one chart was to be the Wraparound provider's highest utilizer of EPSDT, one chart of their lowest utilizer and three charts were to represent average utilizers.

The review included three components:

1. Discussion about Child and Family Teams (CFT) and how the agency bills the CFT,
2. Discussion about the philosophy of billing and structure for billing, and
3. Review of the Wraparound plans and Mental Health Services plans and corresponding progress notes.

Nine opportunities for increased EPSDT services were identified which comply with the "Organizational Provider's Manual for Specialty Mental Health Services under The Rehabilitation Option and Targeted Case Management Services" (The Rehabilitation Option Manual). Please refer to the website identified below for the current version of this manual and to identify specific guidelines on billable activities and staffing requirements.

http://www.dmh.co.la.ca.us/documents/org_Rehab_Manual.pdf

Nine Identified Opportunities for Wraparound Agency EPSDT Revenue Maximization

1. Broaden the Mental Health Goals

Mental health goals in the Coordination and Service Plans were often narrowly defined, leaving little room for rehabilitation activities. Many interventions identified in the Wraparound Plan of Care were applicable to rehabilitation services as described in the Rehabilitation Option Manual, however as the mental health goal was narrowly defined, the Plan of Care interventions fell outside the scope of mental health service delivery.

In one example, the documented mental health service Plan Goal was "decrease AWOL behaviors", and the identified interventions included "individual therapy", and "develop more ways to express self." In contrast, the documented Wraparound Plan of Care reflected the Child and Family Specialist's (CFS) intervention as focused on the "development of vocational and social skills to assist the youth in reaching her goals." The development of vocational and social skills may clearly address the youth's mental health goal. If the Scope of Plan goals and subsequent progress notes are clearly documented to Medi-Cal standards as interventions to address the mental health need, these interventions completed by the CFS could be billed as mental health services as described in the Rehabilitation Option Manual.

2. Re-conceptualize the Nature of the Child and Family Team

The billing activity for Child and Family Team (CFT) meetings varied greatly by provider. While some providers billed for the entire CFT, others identified specific components that were billed for.

The CFT meeting includes development, monitoring, review, reassessment, and approval of the Plan of Care.

Additionally, the CFT should be conceptualized as, just as the Wraparound Plan of Care is a document capturing all possible areas of support for the child and family, an opportunity for formal and informal supports to aid the family and child achieve their goals and mental health needs. Integration of the Wraparound Plan of Care and the mental health Service Plan would allow for significant portions and potentially all of the CFT to be billed as a mental health service by the CFT Facilitator.

3. Utilization of the Child and Family Specialists (CFS) in CFT's for Specific Targeted Rehabilitation Interventions to Support the Caregiver and/or Child's Participation.

Several charts included CFS activities at the CFT, however their activities were not captured as mental health services. Although two people cannot bill for the same service at the same meeting (in this case, plan development at the CFT), the CFS may deliver and bill for rehabilitation services during the course of the CFT if the intervention is linked to the mental health Service Plan goals of the child and the child could not otherwise participate in the CFT without the intervention of the CFS. The CFT would then be required to document their intervention as a separate progress note from the Facilitator using Medi-Cal documentation standards.

4. Align the Wraparound Plan of Care and the Mental Health Coordination and Service Plans.

The mental health Coordination and Service Plans are components of the full Wraparound intervention. Many of the goals identified in the Wraparound Plan of Care also address the achievement and/or removal of barriers to achieve the mental health goal.

Although Wraparound contract providers must have separate mental health assessments, coordination plans and service plans as well as Wraparound Plans of Care, there are many instances in which the two plans should be coordinated in their interventions. During the course of the review, numerous charts documented interventions in the Plan of Care that were directly associated with the mental health goals barriers and interventions but not documented and billed accordingly. Please see the first recommendation for an example of this situation.

5. Continued Medi-Cal Eligibility under Wraparound Regardless of Living Situation.

One provider indicated a high number of youth enrolled in Wraparound who did not have current Medi-Cal eligibility, significantly limiting the total EPSDT claims against their mental health contract. Wraparound is considered to be a placement even

though the youth may have been returned to the home of their parent. Please refer to All County Information Notice No. I-55-00 available at the following website for further information:

http://www.dss.cahwnet.gov/getinfo/acin00/pdf/I-55_00.pdf

6. Broaden Conceptualization of Mental Health Services and Targeted Case Management to include the work of the Child and Family Specialist.

The CFS provides a variety of interventions, which are agreed to by the CFT and based upon the strengths and needs of the family, as identified in the Plan of Care. If these interventions are documented as part of the mental health Coordination and Service Plans, they may be billed as Rehabilitation Option services.

A significant concern regarding CFS billing raised by a number of providers addressed the nontraditional manner in which the CFS performs interventions. For example, the Wraparound Plan of Care may call for the CFS to take the child to McDonalds to address social skills and self-esteem. While the intervention did not take in the family's home or in the office, it may still be claimed as a billable mental health service. The goal of the CFS is to create an opportunity for rehabilitative interventions and the achievement of mental health goals. Whether it is at McDonalds or in a park, as long as the intervention and documentation are directly supportive of the mental health Coordination and Service Plans, it is a billable mental health or targeted case management service.

7. Parent Partner eligibility for EPSDT billing.

Several agencies have identified Parent Partners employed by their agencies as engaging in counseling with the family, but not documenting and billing for this service. Decisions to refrain from billing include the question of whether the Parent Partner meets certain minimum requirements to bill for Medi-Cal services, or the organization's philosophy of keeping Parent Partners from documenting medical necessity and inadvertently adopting a medical model perspective on service delivery to the consumer.

Parent Partners that meet the minimum service delivery requirements as outlined in the Rehabilitation Option manual are encouraged to document to Medi-Cal standards and bill accordingly so as to maximize EPSDT revenue and service delivery. Wraparound contract providers are encouraged to view their Parent Partners as providing a valuable and billable mental health service.

8. Focus the Mental Health Plan on a Full Array of Mental Health Goals rather than Case-Management Specific Goals.

Several Wraparound contract providers indicated they are moving toward creating only Case Management goals instead of Mental Health Service goals on their Coordination and Service Plans. Limiting the mental health plans to Case Management goals significantly limits the billable opportunities for staff, and in some cases the ability to meet the terms of their mental health contract for Wraparound services. Providers are encouraged to apply the full scope of their mental health contract to the Wraparound services provided so as to meet the needs of the children and families they serve.

9. Maximize Collateral Mental Health Services to Support the Parents and Other Significant Individuals in Meeting the Mental Health Needs of the Child.

Providers demonstrated a tendency to exclude billing for collateral contacts with parents and other significant individuals in the child's life. For example, the facilitator may meet with the caregiver to discuss parenting skills as they relate to a child's mental health needs. This activity was often left unbilled. Many providers indicated the difficulty in differentiating between providing mental health services to the collateral contact and working with the collateral contact to achieve the mental health goals of the child.

Current Medi-Cal regulations allow for the delivery of a mental health service activity to a family member or significant support person for the benefit of the consumer even though the consumer is not present. In the event that Wraparound staff determines the collateral contact is in need of additional mental health services for their own benefit, appropriate referrals should be made accordingly.

For additional information on Identifying services billable to the EPSDT portion of your mental health contract, it is recommended that you consult the Organizational Provider's Manual for Specialty Mental Health Services under The Rehabilitation Option and Targeted Case Management Services. It is also recommended that such questions be brought to and discussed at your Lead Wraparound Agency (LWA) Meetings and your Service Planning Area Quality Improvement Committees (QIC). For specific information, you may also direct questions to Dr. Angela Shields or Dr. Michael Rauso, DMH and DCFS Program Managers respectively of the Wraparound Program.

MJS:DS:as

COMPARISON OF VARIOUS PAYMENT/FINANCING STRUCTURES

County	Description	Annual Net County Cost (Using Los Angeles Caseload Data)
Monterey and San Bernardino Counties and Los Angeles County effective 2/1/05	<ul style="list-style-type: none"> \$5,994 per child per month is provided to the Wraparound agencies for non-federally eligible children \$2,997* per child per month is provided for federally eligible children Wraparound agencies place any savings in a flexible fund to fund services needed in excess of the \$5,994 rate; the counties do not control the use of the flexible fund. 	\$13.0 million
Alameda County	<ul style="list-style-type: none"> \$1,000 per child per month is provided to the Wraparound agencies for both federally and non-federally eligible children \$4,994 per month (difference between RCL 13 and \$1,000 case rate) per non-federally eligible child and \$1,997 (difference between one half of the RCL 13 rate and \$1,000 case rate) per federally eligible child is placed in a flexible fund; the County controls the use of this funding. Reimbursement from the flexible fund for expenses above that amount must be submitted to Alameda County 	\$13.0 million
Recommended Case Rate Structure	<ul style="list-style-type: none"> \$4,156 case rate per month provided for each child (both federally and non-federally eligible) to Wraparound agencies \$1,838 per month (difference between RCL 13 rate and case rate) per non-federally eligible child is placed in a flex fund; the County will control use of this funding 	\$15.7 million

- * \$2,997 is the RCL 13 half rate determined by the federal government to be the "cost neutral" amount; this is the maximum rate for which the federal government will provide subvention.

ATTACHMENT 5

FOOTNOTES:

(b) Per Pam Dutch, the actual number of children in Wraparound exceeds the contract minimum of 25 per agency

(c) State will fund 40% of RCL 13 half rate for federally eligible children.

State will fund 40% of RCL 12 bill rate for non-federally eligible children

10) No funding will be pooled for federally eligible children since the County will be funding a case rate which is higher than the State supported RCL 13 half rate.

^(*) Reflects the difference between the new cash rate (\$4.156) and the RCL 13 rate (\$5.964). No funding will be needed to replace any negative government bonds the currency will be issuing.